

DIRECTORS' REMUNERATION REPORT



“This year we embedded our new remuneration policy and incentive framework for the executive directors and senior management team.”

LOUISE HARDY
CHAIR OF THE REMUNERATION COMMITTEE

Number of meetings

7

Members

Louise Hardy (Chair from 6 September 2023)
Mark Pegler
Charlie Cornish (from 1 May 2024)
Alun Griffiths (Chair until 6 September 2023)
Kevin Whiteman
Tony Osbaldiston (until 31 July 2023)
Rosie Toogood (until 12 February 2024)

2024 key achievements

- Agreed a new ESG bonus target.
- Assessed performance against the bonus and PSP targets for the year ended 30 March 2024.
- Granted our first RSP awards under the new shareholder approved remuneration policy.
- Continued to keep wider workforce remuneration arrangements under review, taking these into account when considering remuneration arrangements for the executive directors.
- Reviewed and agreed non-executive chair pay.
- Transitioned to new chair.

Dear shareholder

As chair of the remuneration committee, I am pleased to present our directors' remuneration report (the 'report') for the year ended 30 March 2024, my first since taking over as chair in September 2023. I would like to thank Alun for his time chairing the remuneration committee and for his support as part of the transition process.

The report is split into the following two sections:

- Part 1, the remuneration policy report, which sets out the remuneration policy for the executive and non-executive directors, and which was approved at our 2023 AGM with c.99% of votes cast in favour; and
- Part 2, the annual report on remuneration, which discloses how the remuneration policy was implemented for the year ended 30 March 2024 and how it will be implemented for the year ending 29 March 2025. The annual report on remuneration will be subject to an advisory shareholder vote at the forthcoming AGM.

Performance and reward 2024

The Group has delivered on strategic and operational priorities during the year resulting in good financial performance and a strong forward order book in the context of the challenges of

UK construction market uncertainty and the cancellation or postponement of some strategically significant projects. The Group continues to strengthen its presence in new markets and is well positioned to optimise longer-term growth opportunities. This is testament to the quality and commitment of our executive leadership team.

Annual bonus outcome

Executive directors were granted an annual bonus opportunity equal to 125 per cent of salary. Of the award, 80 per cent was based on underlying PBT² performance, 15 per cent based on safety performance and 5 per cent was based on performance against the Group's key 2024 ESG priorities. Further details are set out on page 151.

The Group achieved underlying PBT of £36.5m, which was above the threshold target and will, therefore, result in a pay-out of 30 per cent of maximum for the PBT element. The Group Incident Frequency Rate ('IFR') outperformed the maximum bonus target, meaning the safety element will pay out in full. The Group delivered against its key 2024 ESG priorities, meaning that the ESG element will also pay out in full. The UK-based executive directors will, therefore, receive a bonus of 44 per cent of the maximum (55 per cent of salary), 40 per cent of which is deferred into shares for three years.



Derek Randall, who formerly MD of JSSL in 2024 was subject to the same 80/15/5 split but the PBT element is assessed on Group underlying PBT and JSSL PBT (split 50:50), the safety element is assessed on JSSL Accident Frequency Rate ('AFR'). JSSL PBT was on target and JSSL AFR outperformed the maximum bonus target. Therefore, Derek Randall will receive a bonus of 52 per cent of the maximum (65 per cent of salary), 40 per cent of which is deferred into shares for three years.

PSP vesting

Awards were granted on 17 June 2021 equal to 100 per cent of salary for the Chief Executive Officer and 75 per cent of salary for the other executive directors. The awards were subject to EPS targets for the year ended 30 March 2024 of 7.61p (25 per cent vesting) to 9.92p (100 per cent vesting). The Group achieved EPS of 8.94p, which equates to a vesting of 74 per cent of maximum. Vested shares will be subject to a two-year holding period. See page 153 for details.

The committee considers the vesting outcome of the annual bonus and PSP awards to be appropriate, recognising that the Group has continued to perform strongly, both financially and strategically, in a challenging economic environment over the last three years. Furthermore, in respect of the PSP

awards, the committee is satisfied that no adjustment for potential windfall gains is required taking into account the share price at grant and current share price. No discretion has, therefore, been applied by the committee to adjust the formulaic vesting outcome of the annual bonus or PSP awards.

Non-executive chair and non-executive director fees

The remuneration committee reviewed the non-executive chair fee during the year and decided to increase the fee, with effect from 1 September 2023, from £140,000 to £150,000.

The board reviewed the non-executive director fees during the year (without the non-executive directors' being present) and decided to increase, with effect from 1 September 2023, the base fee from £45,000 to £50,000. There was no change to the additional fee payable for specific roles.

The board considered the increases to be reasonable, noting that the non-executive chair fee of £150,000 and non-executive director base fee of £50,000 are positioned between the lower quartile and median compared to FTSE SmallCap companies, and that the previous fee increase was in July 2021.

Executive Director changes

Ian Cochrane stepped down as Chief Operative Officer and left the Company on 30 September 2023. The treatment of his remuneration arrangements are set out on page 151.

Implementation of policy for 2025

CEO and CFO salary increase

The Committee noted in the 2023 Directors' Remuneration Report that it was mindful that salaries of the Chief Executive Officer ('CEO') and the Chief Financial Officer (CFO) are both positioned towards the lower end of market practice and, whilst it did not consider it appropriate to address market positioning at the time given the economic climate, it would keep this under review.

Our policy is for salary increases (in percentage of salary terms) for executive directors to ordinarily be considered in relation to those applied to the broader workforce. The committee retains discretion to award higher increases in certain circumstances including, but not limited to: significant changes in the scope and / or responsibilities of the role and a material change in the size and scale of the Group.

DIRECTORS' REMUNERATION REPORT

Under the direction of the leadership team, the Group continues to successfully deliver against its sustainable growth strategy, enhancing its UK and European order book with a broad diversity of sectors, geographies and clients. This includes moving into the nuclear and infrastructure market following the acquisitions of Harry Peers in 2019 and DAM Structures in 2021, making the strategically significant acquisition in Europe of Voortman Steel Construction in 2023, building a modular offering, and the continued development of its joint venture operations in India. Over the last five years, the Group has delivered 12 per cent CAGR in revenue and an increase in profits of 50 per cent, despite some significant market challenges over this period including the COVID-19 pandemic. A significant proportion of this growth has been as a direct result of these acquisitions. Furthermore, the Group is well positioned to continue to build on this success. The Group has undoubtedly increased in size and complexity over recent years and the scope of the CEO's and CFO's roles have also increased substantially with the departure of the former Chief Operating Officer during the last year, as a number of his former duties have now been assumed by the CEO and the CFO.

The Committee uses benchmarking data with caution. However, to provide an up-to-date sense-check on salary positioning, the Committee has benchmarked Alan Dunsmore's and Adam Semple's salary and target total compensation positioning against two relevant peer groups:

- Companies listed on the London Stock Exchange (excluding financial services companies) with a market capitalisation ranging from £100m to £350m.
- Industry peers listed on the London Stock Exchange with a market capitalisation of less than £350m (Costain, Galliford Try, Porvair, Henry Boot, Forterra).

This exercise demonstrated that both salaries are currently positioned below the lower quartile of the pan-sectoral peer group of equivalent market

capitalisation and towards the lower end of the industry peer group identified for the benchmarking exercise.

After further and careful reflection, the Committee considers that it is now both appropriate and necessary to increase Alan's and Adam's salaries so that they are competitively positioned against the market, and fairly reflect their experience, performance, and stature in the sector. The Committee determined that Alan's salary should be increased from £403,500 to £460,000 (representing a 14 per cent increase) and that Adam's salary should be increased from £275,750 to £315,000 (representing a 14 per cent increase) with effect from 1 July 2024. Following this increase, Alan's and Adam's salaries and total target compensation opportunity will be positioned between the lower quartile and median of the pan-sectoral peer group of equivalent market capitalisation and modestly positioned within the range of the industry peer group.

Base salaries

Salaries for the other executive directors were reviewed in June 2024 and have been increased by 4 per cent, effective from 1 July 2024. The overall salary increases for the wider workforce ranged from 4–8 per cent of salary.

Annual bonus

The maximum annual bonus opportunity will be 125 per cent of salary for all executive directors. Of the annual bonus, 80 per cent is subject to PBT performance, 15 per cent is subject to safety performance and 5 per cent is subject to ESG performance.

Restricted share awards

Restricted share awards will be granted to the executive directors at 50 per cent of salary. Awards will vest in June 2027 subject to the satisfaction of performance underpins (see page 144). Vested awards will be subject to a two-year holding period.

Non-executive chair and non-executive director fees

Charlie Cornish was appointed to the board as a non-executive director from 1 May 2024 and will succeed Kevin Whiteman as non-executive Chair after the AGM on 30 July 2024. Charlie Cornish's fee as non-executive Chair will be set at £162,500 per annum. The remuneration committee believes this is an appropriate fee in the context of recruiting a high calibre and experienced individual and taking into account the size and complexity of the Group. The fee remains positioned between the lower quartile and median compared to FTSE SmallCap companies.

Fees for the non-executive directors were reviewed in June 2024 and increased in line with the wider workforce, by 4%, with effect from 1 July 2024.

Conclusion

We remain committed to a responsible approach to executive pay. We believe that the policy operated as intended in respect of the financial year ended 30 March 2024 and consider that the remuneration received by the executive directors was appropriate, taking into account Group and personal performance, and the experience of shareholders and employees.

I look forward to answering any questions shareholders might have, and your continued support.

LOUISE HARDY

CHAIR OF THE REMUNERATION COMMITTEE

19 June 2024¹

¹ This report complies with the provisions of the Companies Act 2006, the Large and Medium-sized Companies and Groups Regulations 2008 as amended in 2013, the UK Corporate Governance Code 2018 and the UKLA Listing Rules and the Disclosure and Transparency Rules. The remuneration committee has also taken into consideration guidelines published by institutional investor advisory bodies such as the Investment Association and ISS

² A reconciliation of APMs is provided in note 33

Part 1 – Remuneration policy

The remuneration policy (the 'policy') was approved at the 2023 AGM. Provided for information only are the details of the policy that were referenced in the committee's activities over the past reporting year, which includes the remuneration policy table, the recruitment remuneration arrangements, the executive director service contracts and compensation for departure from office and terms and conditions for non-executive directors.

The full policy report, as approved by shareholders, can be found from page 144 onwards of the 2023 annual report.

How the committee addressed the factors in Provision 40 of the UK Corporate Governance Code

The committee ensures that the remuneration structure for executive directors is aligned with our key remuneration principles, which incorporate the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture set out in the 2018 UK Corporate Governance Code.

Clarity and simplicity	<p>We operate a simple and transparent remuneration framework, made up of three key elements: fixed pay (including base salary, benefits and pension); annual bonus; and the Restricted Share Plan.</p> <p>The structure is simple to understand both for participants and shareholders.</p>
Alignment to strategy and culture	<p>The remuneration structure supports the Group's business strategy and business model through a balanced mix of short and long-term performance-related pay.</p> <p>The remuneration principles encourage behaviours expected of executive directors in terms of setting the standards and promoting a healthy culture across the Group in line with the Group's newly implemented values.</p>
Risk is appropriately managed	<p>Annual bonus opportunities and targets are positioned to reward strong performance, but not to encourage inappropriate business risk taking.</p> <p>Executive directors are subject to within-employment and post-employment shareholding guidelines to further support sustainable decision making.</p> <p>Malus and clawback provisions apply to annual bonus and restricted share awards and the committee has the means to apply discretion and judgement to vesting outcomes.</p>
Proportionality	<p>A significant proportion of executive remuneration is linked to performance through the incentive framework, with a clear line of sight between performance against the selected performance conditions and the delivery of long-term shareholder value. Performance conditions and the underlying targets for the annual bonus are reviewed by the committee each year to ensure that they are directly aligned with the Group's strategic priorities.</p> <p>Through the all-employee share plans we encourage and enable long-term share ownership for all employees, supporting the long-term nature of our business and its returns.</p>
Predictability	<p>The 'illustration of the application of the policy' chart on page 149 of the 2023 annual report indicates the potential values that may be earned through the remuneration structure.</p>

DIRECTORS' REMUNERATION REPORT

Policy table for executive directors

BASE SALARIES	
<p>Purpose and link to strategy</p> <p>To provide the core reward for the role recognising knowledge, skills and experience, in addition to the size and scope of the role.</p> <p>Sufficient to recruit and retain directors of the calibre necessary to execute the Group's strategy.</p>	<p>Performance conditions</p> <p>None, although the committee considers individual salaries each year having regard to the factors noted in the 'operation' section.</p>
<p>Operation</p> <p>Base salaries are normally reviewed annually by the committee, with changes typically effective from 1 July.</p> <p>Base salaries are pensionable.</p> <p>The salary review takes into account the levels of increase across the broader workforce, changes in responsibility, Group and personal performance and a periodic remuneration review of comparable companies.</p>	
<p>Maximum opportunity</p> <p>There is no prescribed maximum base salary or salary increase.</p> <p>Salary increases (in percentage of salary terms) will ordinarily be considered in relation to those applied to the broader workforce. The committee retains discretion to award higher increases in certain circumstances including, but not limited to: significant changes in the scope and/or responsibilities of the role; a material change in the size and scale of the Group; an executive director's development or performance in role (e.g. to align a new appointment's salary with the market over time); and/or to take account of relevant market movements.</p>	
BENEFITS	
<p>Purpose and link to strategy</p> <p>Cost-effective benefits, sufficient to recruit and retain directors of the calibre necessary to execute the Group's strategy.</p>	<p>Performance conditions</p> <p>No performance conditions apply to benefits.</p>
<p>Operation</p> <p>Benefits include, but are not limited to: life assurance at four times salary; medical insurance for self with option to purchase for family; and company car and fuel allowance.</p> <p>Relocation expenses may be offered if considered appropriate and reasonable by the committee.</p> <p>In circumstances where an executive director is deployed on an international assignment, their arrangements will be managed in a way that is consistent with good practice for international organisations. Additional allowances may also be paid, e.g. to cover any increase in cost of living, tax equalisation and/or additional accommodation costs. Any reasonable business-related expenses can be reimbursed (including the tax thereon if determined to be a taxable benefit).</p> <p>The committee may offer executive directors other employee benefits on broadly similar terms as those offered to other employees from time to time. This includes participation in any all-employee share plans operated by the Group, in line with the prevailing tax legislation and HMRC guidelines (where relevant).</p>	
<p>Maximum opportunity</p> <p>The value of insured benefits can vary from year to year based on the costs from third-party providers. The committee reviews the cost of the benefits provision on a regular basis to ensure that it remains appropriate. The total value of benefits (excluding relocation and international assignment allowances) will normally not exceed more than 15 per cent of salary in any year. The maximum level of participation for all-employee share plans, if relevant, is subject to the limits imposed by HMRC from time to time (or a lower cap set by the Group).</p>	

PENSION	
<p>Purpose and link to strategy</p> <p>To provide an appropriate level of retirement benefit.</p>	<p>Performance conditions</p> <p>No performance conditions apply to pension.</p>
<p>Operation</p> <p>Group contribution to defined contribution scheme (own or the Group's), a cash supplement or a combination of both.</p>	
<p>Maximum opportunity</p> <p>The maximum pension contribution or cash supplement (or combination of both) for executive directors is aligned with the contribution available to the wider workforce (currently 7 per cent of salary).</p>	
ANNUAL BONUS	
<p>Purpose and link to strategy</p> <p>To focus attention on achieving short-term corporate objectives, incentivise outperformance of targets and provide a deferred element to reinforce the impact of long-term performance.</p>	<p>Performance conditions</p> <p>At least 50 per cent of the annual bonus will be based on financial performance conditions.</p> <p>The committee will review the appropriateness of performance conditions on an annual basis taking into account the business objectives and strategy at the time.</p> <p>For financial performance conditions, vesting will normally apply on a scale between 0 per cent and 100 per cent with up to 50 per cent vesting for on-target performance.</p> <p>For non-financial performance conditions, vesting will normally apply on a scale between 0 per cent and 100 per cent based on the committee's assessment of the extent to which the relevant condition has been met.</p> <p>The committee has discretion to adjust the bonus outcome if it is not deemed to reflect the underlying performance of the Group, the performance of the individual or the experience of shareholders or employees during the performance period.</p>
<p>Operation</p> <p>Annual awards based on performance conditions (typically measured over a financial year) set by the committee usually at the beginning of each financial year.</p> <p>Up to 60 per cent of any amount earned is paid in cash with the remainder deferred into shares for three years.</p> <p>Dividends may accrue on deferred bonus shares. Any dividend equivalents would normally be delivered in shares.</p> <p>Malus and clawback provisions apply (see table on page 144).</p>	
<p>Maximum opportunity</p> <p>Maximum opportunity of up to 125 per cent of base salary in respect of a financial year.</p>	

DIRECTORS' REMUNERATION REPORT

RESTRICTED SHARE PLAN ('RSP')

Purpose and link to strategy

Reward for long-term sustainable performance and provide alignment with shareholders' interests.

Operation

Annual awards will be granted in the form of nil-cost share options or conditional share awards.

Awards are subject to continued service and the achievement of performance underpins normally measured over a three-year period. The awards will vest following the assessment of the performance underpins.

Vested awards will be subject to a two-year post-vesting holding period.

Dividends may accrue on awards. Any dividend equivalents would normally be delivered in shares.

Malus and clawback provisions apply (see table on page 144).

Maximum opportunity

Maximum opportunity of up to 75 per cent of base salary in respect of a financial year.

For the year ending 29 March 2025, the maximum opportunity will be equal to 50 per cent of base salary for each executive director.

Performance underpins

Performance underpins are determined by the committee on an annual basis.

If one or more of the performance underpins are not achieved, the committee will assess an appropriate reduction to the vesting outcome.

In addition, the committee has discretion to reduce the vesting outcome if it is not deemed to reflect the underlying performance of the Group, the performance of the individual or the experience of shareholders or employees during the vesting period.

SHAREHOLDING GUIDELINES

Purpose and link to strategy

To strengthen the alignment between the interests of the executive directors and those of shareholders.

Operation

Within-employment

Executive directors are expected to build up and retain a shareholding equal to 200 per cent of salary. Executive directors are required to retain shares acquired under equity incentive schemes, net of tax, until such time as they have built up the expected holding.

Post-employment

Executive directors who step down from the Board are normally expected to retain a shareholding in 'guideline shares' equal to 200 per cent of salary (or their actual shareholding at the point of stepping down if lower) for two years following stepping down from the board.

'Guideline shares' do not include shares that the executive director has purchased, shares that have been acquired under all-employee share plans or shares that have been acquired pursuant to the vesting of performance share plan awards or deferred bonus awards granted prior to 1 April 2020.

The committee retains discretion to waive this guideline if it is not considered appropriate in the specific circumstances.

Notes on policy table

Malus and clawback

Malus and clawback provisions apply to annual bonus, deferred bonus awards and restricted share awards over the following time periods:

	MALUS	CLAWBACK
Annual bonus	To such time as payment is made.	Up to three years following payment.
Deferred bonus awards	To such time as the award vests.	No clawback provisions apply (as malus provisions apply for three years from the grant of the award).
Restricted share awards	To such time as the award vests.	Up to three years following vesting.

Malus and clawback may apply in the following circumstances:

- Material misstatement of financial results.
- The bonus outcome or the number of shares granted or vesting under deferred bonus awards or restricted share awards was based on error, inaccurate or misleading information.
- Substantial failure of risk control.
- Serious misconduct by the participant.
- Corporate failure.
- The Group suffers a material downturn in its financial or operational performance, which is at least partly due to a material failure in the management of the Group to which the individual made a material contribution.
- The Group suffers reputational damage, which is at least partly due to a material failure in the management of the Group to which the individual made a material contribution.
- Other exceptional circumstances as determined by the committee.

Choice of performance conditions

The performance conditions for the annual bonus reflect the Group's annual financial and strategic priorities. The annual bonus currently incorporates an underlying PBT, ESG and health and safety performance condition. Targets are set taking into account the Group's internal financial forecasts and ESG and health and safety performance expectations at the start of the financial year. This reflects our commitment to maintaining a safe working environment for our people, our commitment to achieving our emission reduction targets and our wider commitments to society.

The committee will review the performance underpins for restricted share awards on an annual basis to ensure that they continue to safeguard the financial stability of the business and provide sufficient focus on strategic priorities, ESG performance and regulatory compliance. Performance underpins will ordinarily be qualitative, and the committee will use its judgement to assess 'in the round' whether the level of vesting is appropriate having regard to the underpins and underlying financial and operational performance. The performance underpins applying to the 2024 restricted share awards are set out on page 144.

No performance targets are set for any sharesave plan awards since these form part of all-employee arrangements that are purposefully designed to encourage share ownership across all employees.

The discretions retained by the committee in operating the annual bonus and the RSP

The committee will operate the annual bonus (including the deferred share element) and the RSP according to their respective rules. The committee retains certain discretions, consistent with market practice, relating to the operation and administration of these plans, including:

- The timing of the grant and/or vesting of awards.
- The quantum of awards (up to plan and policy limits).
- The determination of performance conditions, underpins and targets and resulting vesting levels.

- The determination of the treatment of individuals who leave employment and the treatment of awards in exceptional events such as a change of control of the Company.
- The ability, in exceptional circumstances, to settle share-based awards in cash (for example, where share settlement is not feasible due to regulatory restrictions).
- The ability to adjust or set different performance conditions or targets if events occur (such as a change in strategy, a material acquisition and/or divestment of a Group business or a change in prevailing market conditions), which cause the committee to determine that the performance conditions and/or targets are no longer appropriate and the amendment is required so that they achieve their original purpose and are not materially less difficult to satisfy.
- The ability to make adjustments to existing awards in the event of a variation in share capital or a demerger, delisting, special dividend or other exceptional event that may affect the Company's share price.

Any use of the above discretions would, where relevant, be explained in the annual report on remuneration and may, as appropriate, be the subject of consultation with the Group's major shareholders.

Executive directors' service agreements and compensation for departure from office

All executive directors' service agreements run on a rolling basis. Notice periods of 12 months are required to be given by either party. Full details of the service agreements for each director are available from the Company secretary at the AGM.

DIRECTORS' REMUNERATION REPORT

The principles on which the determination of compensation for departure from office will be approached are set out below.

PROVISION	POLICY
Payments in lieu of notice	<p>Service agreements include a payment in lieu of notice clause, which provides that payments may be made based on the value of base salary that would have accrued over the 12 month notice period or unexpired proportion of the notice period.</p> <p>Payments in lieu of notice are subject to mitigation.</p>
Annual bonus	<p>Discretionary payment based on the circumstances of the termination and after assessing performance conditions and normally only for the service period worked.</p> <p>The committee has discretion to pay the whole of any bonus earned for the year of departure and/or preceding year in cash in appropriate circumstances.</p>
Deferred bonus award	<p>The extent to which any unvested awards will vest will be determined in accordance with the Deferred Share Bonus Plan ('DSBP') rules.</p> <p>Unvested awards will lapse where departure is by reason of dismissal for misconduct, fraud, performance issues, taking up alternative employment at a competitor or for any other reason at the committee's discretion.</p> <p>Where unvested awards do not lapse on departure, they will normally vest on the normal vesting date (other than in exceptional circumstances (for example death) when vesting will be as soon as practicable following departure).</p>
Restricted Share Plan	<p>The extent to which any unvested award will vest will be determined in accordance with the Severfield Performance Share Plan rules.</p> <p>Unvested awards will normally lapse on departure. However, if the executive director departs as a good leaver (death, injury or disability, retirement, the sale of the business or company that employs the individual or for any other reason at the committee's discretion), their unvested awards will vest on the normal vesting date (other than in the case of exceptional circumstances (for example death) when vesting will be as soon as practicable following departure). To the extent that the award vests, a two-year holding period would then normally apply (although no holding period will apply in exceptional circumstances).</p> <p>Vesting will depend on the extent to which the performance underpins have been satisfied and will normally be subject to a pro-rata reduction to reflect the proportion of the vesting period served (although the committee has discretion to disapply time pro-rating if the circumstances warrant it).</p>
Change of control	<p>Deferred bonus awards will normally vest in full in the event of a change of control.</p> <p>Restricted share awards will normally vest in the event of a change of control. The level of vesting will be determined taking into account the extent to which the performance underpins have been satisfied at the date of the relevant event and will be subject to a pro-rata reduction to reflect the proportion of the vesting period served (although the committee has discretion to disapply time pro-rating if the circumstances warrant it).</p>
Other payments	<p>In appropriate circumstances, payments may also be made in respect of items such as accrued holiday, outplacement and legal fees.</p> <p>The vesting of sharesave awards will be determined in accordance with the plan rules.</p> <p>The committee will have the authority to settle any legal claims made against the Company in connection with the departure.</p>

Recruitment remuneration policy

The remuneration of a new executive director will normally include base salary, benefits, pension and participation in the annual bonus and RSP in accordance with the policy table for executive directors. The committee also has discretion to include other remuneration elements, which it considers appropriate taking into account the specific circumstances of the recruitment, subject to the principles and limits set out below. The key terms and rationale for any such element would be disclosed in the annual report on remuneration for the relevant year.

ELEMENT	POLICY
Base salary	<p>Base salary levels will be set taking into account the experience and calibre of the individual and the relevant market rates at the time.</p> <p>Where it is appropriate to offer a lower salary initially, progressive increases (possibly above those of the wider workforce as a percentage of salary) to achieve the desired salary positioning may be given over the following few years subject to individual performance and continued development in the role.</p> <p>Salary will be considered in the context of the total remuneration package.</p>
Benefits	<p>Benefits will be provided in line with those offered to other employees, with relocation expenses/arrangements provided for if necessary.</p> <p>Should it be appropriate to recruit a director from overseas, flexibility is retained to provide benefits that take account of those typically provided in their country of residence (e.g. it may be appropriate to provide benefits that are tailored to the unique circumstances of such an appointment).</p>
Pension	<p>Pension contributions or a cash supplement (or a combination of both) up to the maximum level indicated in the policy table will be provided, although the committee retains the discretion to structure any arrangements as necessary to comply with the relevant legislation and market practice if an overseas director is appointed.</p>
Variable remuneration	<p>The maximum level of variable remuneration, which may be awarded to new executive directors, excluding the value of any buy-out arrangements, will be in line with the limits sets out in the policy table.</p> <p>The committee may apply different performance conditions, performance periods and/or vesting periods for initial awards made following appointment under the annual bonus and/or RSP, if it determines that the circumstances of the recruitment merit such alteration.</p> <p>If an executive director is appointed at a time in the year when it would be inappropriate to provide an annual bonus or restricted share award for that year, subject to the limits on variable remuneration set out in the policy table, the quantum in respect of the period employed during the year may be transferred to the subsequent year.</p>
Buy-out arrangements	<p>The committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive director leaving a previous employer when it considers these to be in the best interests of the Company and its shareholders. It will, where possible, ensure that these awards are consistent with awards forfeited in terms of the form of award, vesting periods and expected value. Such elements may be made under section 9.4.2 of the Listing Rules where necessary.</p>
Other elements of remuneration	<p>Other elements may be included in the following circumstances:</p> <p>An interim appointment being made to fill an executive director role on a short-term basis.</p> <p>If exceptional circumstances require that the chair or a non-executive director takes on an executive role on a short-term basis.</p>

In the case of an internal hire, any ongoing remuneration commitments or variable pay awarded in relation to the previous role will be allowed to continue according to its terms of grant (adjusted as relevant to take into account the board appointment).

On the appointment of a new chair or non-executive director, the fees will be set taking into account the experience and calibre of the individual and the expected time commitments of the role.

DIRECTORS' REMUNERATION REPORT

Policy table for Chair and non-executive directors

FEES AND BENEFITS
Purpose and link to strategy
To attract and retain a high-calibre chair and non-executive directors by offering market competitive fee levels.
Operation
The chair and the non-executive directors receive a basic board fee, with supplementary fees payable for additional board/committee responsibilities or exceptional time commitments.
The fee for the chair is approved by the remuneration committee. The fees for the non-executive directors are approved by the board, on the recommendations of the chair and the Chief Executive Officer.
The fee levels are normally reviewed on a periodic basis, and may be increased, taking into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity. Fee increases may be greater than those of the wider workforce in a particular year, reflecting the periodic nature of increases and that they may take into account changes in responsibility and/or time commitments.
Overall fees paid to the chair and non-executive directors will remain within the limits set by the Company's Articles of Association.
The Chair and non-executive directors may be eligible to receive benefits linked to their duties. This includes, but is not limited to, the reimbursement of any normal business-related expenses and any taxable benefit implications that may result.
The Chair and non-executive directors do not participate in any of the Group's incentive arrangements or pension scheme.

Chair and non-executive director letters of appointment

The chair and non-executive directors are subject to re-appointment at each AGM. Notice periods of one month are required to be given by either party. The chair and non-executive directors are not entitled to any compensation on loss of office.

Name	Date of letter of appointment	Letter of appointment expiry date (subject to annual re-election at each AGM)
Kevin Whiteman ¹	16 June 2020	30 July 2024
Louise Hardy	26 July 2019	31 July 2028
Alun Griffiths ¹	1 October 2020	30 July 2024
Mark Pegler	3 October 2022	4 October 2031
Charlie Cornish ²	1 May 2024	30 April 2033

¹ Kevin Whiteman and Alun Griffiths will not be proposed for re-appointment at the 2024 AGM

² Charlie Cornish will take over as Chair after the AGM on 30 July 2024

Part 2 – Annual remuneration report

In this section, we report on the implementation of our policy in the year ended 30 March 2024 as well as how the policy will be implemented for 2025. The regulations require the auditor to report to the Group's shareholders on the auditable part of the directors' remuneration report and to state whether, in its opinion, that part of the report has been properly prepared in accordance with the Companies Act 2006. The relevant sections subject to audit have been highlighted in the annual report on remuneration.

Implementation of policy for 2024

Remuneration committee

Membership, meetings and attendance

The Group has an established remuneration committee, which is constituted in accordance with the recommendations of the UK Corporate Governance Code.

The members of the remuneration committee who served during the year are shown below together with their attendance at remuneration committee meetings:

Name	Number of meetings attended
Louise Hardy (chair from 6 September 2023)	7/7
Mark Pegler	7/7
Kevin Whiteman	7/7
Alun Griffiths (chair until 6 September 2023)	7/7
Tony Osbaldiston (until 31 July 2023)	3/3
Rosie Toogood (until 12 February 2024)	6/6

The Group considers all members of the committee to be independent. Executive directors and the Group HR director may attend remuneration committee meetings at the invitation of the committee chair, but do not take part in any discussion about their own remuneration. The Company secretary acts as the secretary to the remuneration committee.

The terms of reference for the remuneration committee are available on the Company's website.

Engaging with our shareholders

The committee engages directly with major shareholders where it considers there to be material changes to the remuneration policy or executive remuneration framework.

Considerations of conditions and pay levels for workforce and workforce engagement on executive pay

In determining remuneration for executive directors, the committee takes account of general market conditions and pay levels for the workforce as a whole. This includes reviewing wage growth generally and the proportion of earnings paid as bonus to groups of staff at each level – executive directors, senior staff and all other employees (who receive a profit share bonus and are eligible to participate in a sharesave scheme).

The Group recognises a number of trade unions who are consulted regarding wage settlements on a site-by-site basis and seeks employee participation on a range of matters. This includes giving employees the opportunity through the MyVoice forum to challenge how executive remuneration is aligned with the wider Company pay policy.

Advisers to the committee

Wholly independent and objective advice on executive remuneration is received from the committee's external advisers.

Deloitte were appointed in December 2020 following a tender organised by the committee. Deloitte is one of the founding members of the Remuneration Consultants Group and is a signatory to its Code of Conduct. Fees charged by Deloitte provided to the committee for the year ended 30 March 2024 amounted to £12,325 (excluding VAT).

DIRECTORS' REMUNERATION REPORT

Directors' earnings for the 2024 financial year (audited)

Year ended 30 March 2024

£000	Salary	Fees	Benefits⁴	Pension	Total fixed pay	Bonus	LTIPs⁵	Total variable pay	Total
Executives									
Alan Dunsmore	399	–	19	28	446	220	267	487	933
Derek Randall	292	–	44	20	356	191	146	337	693
Adam Semple	272	–	16	19	307	150	137	287	594
Ian Cochrane ¹	175	–	8	12	195	–	–	–	195
Non-executives									
Kevin Whiteman	–	146	–	–	146	–	–	–	146
Alun Griffiths	–	59	–	–	59	–	–	–	59
Mark Pegler	–	53	–	–	53	–	–	–	53
Louise Hardy	–	60	–	–	60	–	–	–	60
Rosie Toogood ²	–	41	–	–	41	–	–	–	41
Tony Osbaldiston ³	–	18	–	–	18	–	–	–	18
	1,138	377	87	79	1,681	561	550	1,111	2,792

¹ Stepped down from the board on 30 September 2023

² Stepped down from the board on 12 February 2024

³ Stepped down from the board on 31 July 2023

⁴ Taxable benefits include the provision of company cars, fuel for company cars, car allowances, accommodation and living allowances and private medical insurance.

⁵ PSP awards granted in 2021 will vest at 74 per cent of maximum (see page 139)

Directors' earnings for the 2023 financial year (audited)

Remuneration received by the directors

Year ended 25 March 2023

£000	Salary	Fees	Benefits²	Pension	Total fixed pay	Bonus	LTIPs³	Total variable pay	Total
Executives									
Alan Dunsmore	381	–	19	46	446	307	370	679	1,125
Ian Cochrane	339	–	16	41	396	274	330	582	978
Derek Randall	279	–	42	33	354	228	203	433	787
Adam Semple	260	–	16	31	307	210	190	401	708
Non-executives									
Kevin Whiteman	–	140	–	–	140	–	–	–	140
Alun Griffiths	–	60	–	–	60	–	–	–	60
Tony Osbaldiston	–	53	–	–	53	–	–	–	53
Louise Hardy	–	53	–	–	53	–	–	–	53
Rosie Toogood	–	45	–	–	45	–	–	–	45
Mark Pegler ¹	–	22	–	–	22	–	–	–	22
	1,259	373	93	151	1,876	1,019	1,093	2,095	3,971

¹ Appointed to the board on 5 October 2022

² Taxable benefits include the provision of company cars, fuel for company cars, car allowances, accommodation and living allowances and private medical insurance

Base salary increases received by the directors

The directors received a 5 per cent salary increase effective from 1 July 2023, which was less than or in line with that received by our wider workforce. Our colleagues working in our factory locations received increases of, on average 8 per cent and all other colleagues received increases of between 5-7%. In addition 1,540 colleagues received a cost of living payment.

Past directors/loss of office payments (audited)

Ian Cochrane stepped down as Chief Operating Officer and left the Company on 30 September 2023. The treatment of Ian Cochrane's remuneration arrangements is set out in the table below.

ELEMENT	AGREED TREATMENT
Base salary, pension and benefits	Received his base salary, pension allowance, car allowance and benefits up to 30 September 2023.
Annual bonus	Was not eligible to receive a bonus in respect of the year ended 30 March 2024.
DSBP	Unvested deferred share bonus plan awards will continue to vest in full on the normal vesting dates.
PSP	PSP awards granted in December 2020 vested at the normal vesting date in full in December 2023. This reflected that Ian Cochrane had been in service for the whole of the performance period. The vested award remains subject to a two year holding period until December 2025. The gain on exercise of the award was £308,000. PSP awards granted in June 2021 and June 2022 lapsed in full
Other	Received a contribution of £2,000 in respect of legal costs incurred in relation to him stepping down from the board.

Ian Cochrane is required to comply with the post-employment shareholding requirement as set out in the Directors' Remuneration Policy.

There have been no payments made to past directors although the December 2020 PSP vested in December 2023 as stated above after Ian Cochrane ceased to be a director.

How pay linked to performance in 2024 (audited)

Bonus

Executive directors were granted an annual bonus opportunity equal to 125 per cent of salary. Of the award, 80 per cent was based on underlying PBT performance, 15 per cent based on safety performance and 5 per cent based on ESG performance.

The targets and the performance against these targets are set out below:

For all directors (excluding Derek Randall)

Measure	% of maximum bonus opportunity			Actual	% of bonus	Payout as % of salary
	Threshold	On-target	Maximum			
Underlying Group PBT ¹	80%	£34.3m	£38.1m	£41.9m	30%	30%
Group IFR ²	15%	above 1.55	1.48 or less	1.41 or less	100%	19%
ESG ³	5%				100%	6%
						55%

¹ For underlying Group PBT, 'threshold' represents 0 per cent, 'on-target' represents 50 per cent and 'maximum' represents 100 per cent of the bonus opportunity

² For Group IFR, 'threshold' represents 0 per cent, 'on-target' represents 50 per cent and 'maximum' represents 100 per cent of the bonus opportunity

³ For ESG, performance was assessed against the Group's sustainability objectives as shown on the following page

DIRECTORS' REMUNERATION REPORT

ESG PRIORITIES	ASSESSMENT OF PERFORMANCE AGAINST OBJECTIVES DURING 2024	PAYOUT AS PERCENTAGE OF SALARY
Achieving 2025 target of reducing Scope 1 and 2 greenhouse gas emissions by 25 per cent (measured against a 2018 baseline).	The Group has surpassed the 2025 interim target of 25%, by reducing UK GHG emissions by 40%.	6 per cent
Making progress against the sustainability objectives as defined in the 2023 annual report on page 81.	<p>The Group has made significant progress against our sustainability objectives:</p> <ol style="list-style-type: none"> 1. achieving a place on the CDP 'A List' 2. achieved 100% of total purchased and consumed energy from green electricity tariffs for all UK facilities 3. being accredited as carbon neutral for the third year running after third party verification of our Net Zero targets for reducing GHG emissions; and 4. achieved SBTi net zero target verification in January 2024 as per schedule for our near-term, long-term and overall Net Zero targets for reducing GHG emissions. 	

Derek Randall (MD of JSSL)

Measure	% of maximum bonus opportunity	Threshold	On-target	Maximum	Actual	% of bonus	Payout as % of salary
Underlying Group PBT ¹	40%	£34.3m	£38.1m	£41.9m	£36.5m	30%	15%
JSSL (India) PBT ¹	40%	RS 30 Cr	RS 40 Cr	RS 60 Cr	RS 40 Cr	50%	25%
JSSL (India) AFR ²	15%	n/a	n/a	At or below 0.08	0.00	100%	19%
ESG ³	5%					100%	6%
							65%

¹ Derek Randall's profit-based component is split 50:50 between underlying Group PBT and JSSL PBT. For underlying Group PBT and JSSL PBT, 'threshold' represents 0 per cent, 'on-target' represents 50 per cent and 'maximum' represents 100 per cent of the bonus opportunity

² For JSSL AFR, no 'threshold' or 'on-target' targets were set. 100 per cent of the bonus opportunity is earned on achieving a score of below 0.08

³ Performance against ESG is disclosed in the table above

The executive directors will receive the bonuses set out in the table below, of which 40 per cent will be paid in shares deferred for three years.

Alan Dunsmore	£250,000
Derek Randall	£218,000
Adam Semple	£171,000

PSP awards vesting in respect of 2024

Awards were granted on 17 June 2021 equal to 100 per cent of salary for the Chief Executive Officer and 75 per cent of salary for other executive directors.

The awards were subject to the achievement of an EPS performance condition measured over the three financial years ended 30 March 2024. Details of the EPS performance condition and performance outcome are set out below.

The awards will vest in June 2024 and vested shares will be subject to a two-year holding period.

	EPS for the year ended 30 March 2024
Threshold (25% vesting)	7.61p
Maximum (100% vesting)	9.92p
Actual performance	8.94p
	74% of maximum
Vesting outcome	

Measure	Number of shares granted	Number of shares vesting	Dividend equivalents ¹	Total value of award on vesting ²	Amount of award attributable to share price appreciation since grant date
Alan Dunsmore	451,319	334,427	58,513	217,846	0%
Derek Randall	246,850	182,915	32,004	119,151	0%
Adam Semple	231,481	171,527	30,011	111,733	0%

¹ The 2021 PSP awards include dividend equivalent terms such that additional shares are awarded based on the value of dividends payable on the number of vested shares between the grant date and vesting date. The value of the dividend equivalents has been calculated based on the period between the grant date and 30 March 2024 but will be recalculated on vesting

² Calculated based on the three-month average share price to 30 March 2024 (55.44p)

The committee considers the vesting outcome of the annual bonus and PSP awards to be appropriate, recognising that the Group has continued to perform strongly, both financially and strategically, in a challenging economic environment over the last three years. Furthermore, in respect of the PSP awards, the Committee is satisfied that no adjustment for potential windfall gains is required taking into account the share price at grant (81p) and the three-month average share price to 30 March 2024 (55.44p). No discretion has, therefore, been applied by the committee to adjust the formulaic vesting outcome of the annual bonus or PSP awards.

Deferred bonus awards granted in 2024 (audited)

On 28 July 2023, the committee granted awards under the Group's Deferred Share Bonus Plan to executive directors in relation to the 2023 bonus outcome. The awards will vest on 28 July 2026, subject to continued employment.

Measure	Type	Number of shares	Face value of shares ¹	Vesting date
Alan Dunsmore	Nil-cost option	211,416	£153,700	28 July 2026
Ian Cochrane	Nil-cost option	188,253	£136,860	28 July 2026
Derek Randall	Nil-cost option	156,893	£114,061	28 July 2026
Adam Semple	Nil-cost option	144,484	£105,040	28 July 2026

¹ Face value calculated using the average mid-market share price between 26 and 27 July 2023 (72.7p)

DIRECTORS' REMUNERATION REPORT

RSP awards granted in 2023 (audited)

Awards were granted on 15 September 2023 equal to 50 per cent of salary for all executive directors (excluding Ian Cochrane). The awards will vest in June 2026 subject to continued service and the satisfaction of performance underpins. Vested awards will be subject to a two-year holding period. The underpins are:

- Financial stability of the business. There is no breach of financial covenants in the Group's principal banking activities.
- Sustainability of the Group's underlying performance. There is not a material deterioration in the

Group's underlying performance, which significantly departs from any deterioration across the industrial building and construction sector.

- Risk management. There is no material failure in risk management resulting in significant reputational damage and/or material financial loss to the Group.
- Health and safety performance. There is not a material deterioration in health and safety performance and there are no material health and safety failures.
- ESG performance. Sufficient progress is made against the Group's ESG strategy.

Performance underpins are determined by the committee on an annual basis.

If one or more of the performance underpins are not achieved, the committee will assess an appropriate reduction to the vesting outcome.

Prior to the vesting of restricted share awards, the committee will also assess whether the Group's underlying financial and operational performance has been satisfactory both on an absolute basis and relative to peers.

Details of the awards made to the executive directors are summarised below.

Name	Type	Number of shares	% of salary	Face value (£) ¹
Alan Dunsmore	Nil-cost option	335,133	50%	£201,750
Derek Randall	Nil-cost option	245,432	50%	£147,750
Adam Semple	Nil-cost option	229,028	50%	£137,875

¹ Face value calculated based on the pre-grant date share price of 60.2p on 14 September 2023

The committee retains discretion to adjust the formulaic vesting outcome if it is not considered to be appropriate, taking into account wider Group performance during the performance period. This includes consideration of any 'windfall gains' at the point of vesting.

Outstanding share awards at the year-end (audited)

Details of share awards under the PSP to the executive directors which were outstanding at the year-end are shown in the following table:

Director	Year of award	Vesting date ²	Performance condition	Awards held at 1 April 2023	Awards granted in year	Awards lapsed in year	Awards vested in year	Awards held at 30 March 2024
Alan Dunsmore	2020	2023	EPS	529,809	–	–	(529,809)	–
	2021	2024	EPS	451,319	–	–	–	451,319
	2022	2025	EPS	634,076	–	–	–	634,076
	2023	2026	n/a ¹	–	335,133	–	–	335,133
Total				1,615,204	335,133		(529,809)	1,420,528
Derek Randall	2020	2023	EPS	291,210	–	–	(291,210)	–
	2021	2024	EPS	246,850	–	–	–	246,850
	2022	2025	EPS	348,144	–	–	–	348,144
	2023	2026	n/a ¹	–	245,432	–	–	245,432
Total				886,204	245,432		(291,210)	840,426
Adam Semple	2020	2023	EPS	271,739	–	–	(271,739)	–
	2021	2024	EPS	231,481	–	–	–	231,481
	2022	2025	EPS	325,000	–	–	–	325,000
	2023	2026	n/a ¹	–	229,028	–	–	229,028
Total				828,220	229,028		(271,739)	785,509

¹ The 2023 award was an RSP award with performance underpins.

² Vesting date is June/July in the relevant years other than 2023 when it was December

Former director	Year of award	Vesting date ²	Performance condition	Awards held at 1 April 2023	Awards granted in year	Awards lapsed in year	Awards vested in year	Awards held at 30 March 2024
Ian Cochrane ¹	2020	2023	EPS	472,133	–	–	(472,133)	–
	2021	2024	EPS	402,188	–	(402,188)	–	–
	2022	2025	EPS	564,604	–	(564,604)	–	–
Total				1,438,925	–	(966,792)	(472,133)	–
				4,768,553	809,593	(966,792)	(1,564,891)	3,046,463

¹ Stepped down from the board on 30 September 2023

² Vesting date is June/July in the relevant years other than 2023 when it was December

³ There are no vested but unexercised awards

Performance conditions are based on a range of EPS targets as follows:

Name	Threshold (25% vests)	Maximum (100% vests)
2021 award ¹	7.61p	9.92p
2022 award ²	7.50p	8.80p

¹ Represents an underlying PBT range of £30.0–40.0m

² Represents an underlying PBT range of £31.5–38.0m

Statement of directors' shareholding (audited)

As at 30 March 2024, all executive directors and their connected persons had a shareholding as follows:

Name	Shareholding requirement ¹	Actual share ownership as a percentage of shareholding requirement as at 30 March 2024 ¹
Alan Dunsmore	200%	239%
Derek Randall	200%	252%
Adam Semple	200%	93%

¹ Value of actual share ownership was calculated with reference to the closing mid-market share price on 28 March 2024 of 54.8p. Actual share ownership includes net of tax figures for DSBP shares granted but still within the three-year deferral period and/or unexercised

DIRECTORS' REMUNERATION REPORT

Directors' current shareholdings (audited):

The following table provides details on the directors' beneficial interests in the Company's share capital as at 30 March 2024 (or date of stepping down from the board if earlier).

	Owned shares ¹	Share incentive plan (SIP) ²	Sharesave scheme	DSBP ³	PSP ⁴	RSP	Total ⁵
Executives							
Alan Dunsmore	1,521,539	5,403	28,743	444,564	1,085,395	335,133	3,420,777
Adam Semple	342,605	–	30,070	302,637	556,481	229,028	1,460,821
Derek Randall	1,035,945	–	–	379,542	594,994	245,432	2,255,913
Ian Cochrane ⁶	1,941,790	6,654	27,237	614,355	472,133	–	3,062,169
Non-executives							
Kevin Whiteman	65,619	–	–	–	–	–	65,619
Alun Griffiths	60,000	–	–	–	–	–	60,000
Louise Hardy	–	–	–	–	–	–	–
Mark Pegler	53,600	–	–	–	–	–	53,600
Tony Osbaldiston ⁷	–	–	–	–	–	–	–
Rosie Toogood ⁸	79,115	–	–	–	–	–	79,115

¹ Includes shares owned by connected persons and excludes DSBP shares that have been granted but are either still within the three-year deferral period or which consist of unexercised options

² SIP shares are unvested and held in trust

³ The figures consist of the gross number of unexercised nil cost share options and the principal terms of the deferred share bonus plan are described on page 153

⁴ PSP shares are in the form of conditional awards that will only vest either on the achievement of certain performance conditions or in the case of RSP awards, which are subject to performance underpins. The total includes 2021 awards that have not yet vested

⁵ There have been no changes in the directors' interests in the shares issued or options granted by the Company between the end of the period and the date of this annual report. There have been no changes in the directors' beneficial interests in trusts holding ordinary shares of the Company

⁶ Stepped down from the board on 30 September 2023

⁷ Stepped down from the board on 31 July 2023

⁸ Stepped down from the board on 12 February 2024

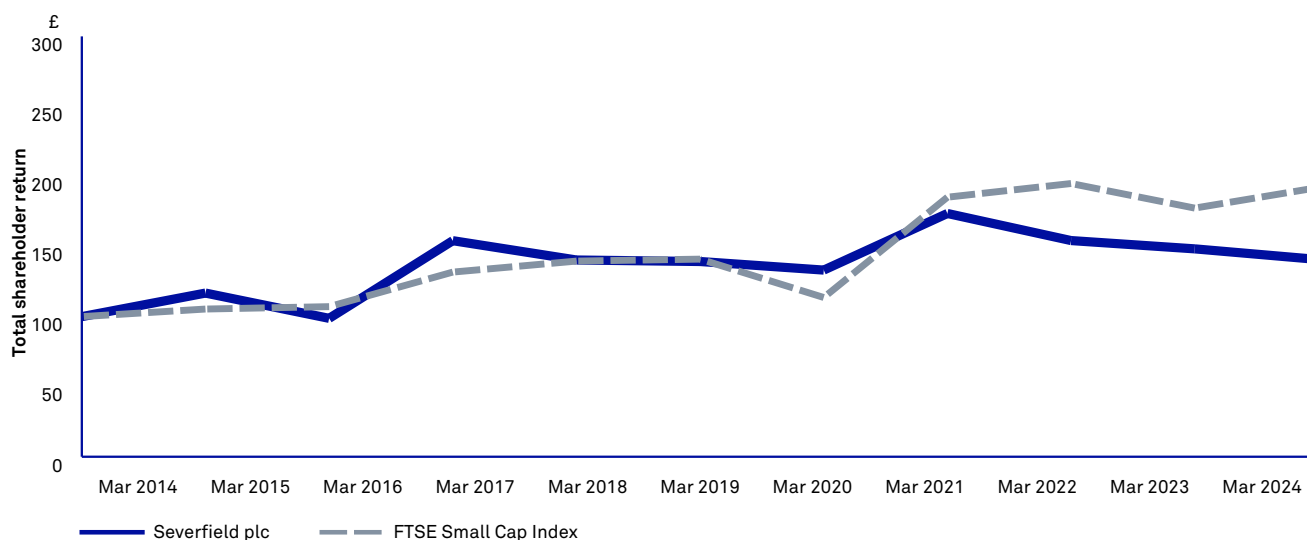
Position against dilution limits

Severfield plc complies with the Investment Association's principles of executive remuneration. These principles require that commitments under all of the Group's share ownership schemes (including the share incentive plan ('SIP'), sharesave scheme and the PSP) must not exceed 10 per cent of the issued share capital in any rolling ten-year period. Within this 10 per cent limit, the Group can only issue 5 per cent of its issued share capital to satisfy awards under executive discretionary schemes. The Group was operating within these limits as at 30 March 2024.

Performance graph

The following graph shows the Group's performance, measured by total shareholder return, compared with the performance of the FTSE SmallCap Index. It is based on the change in the value of £100 investment made on 1 April 2014 over the ten-year period ended 30 March 2024.

The index was selected as it represents a broad equity market index and is considered to be the most appropriate comparator group of companies over a ten-year period commencing April 2014.



Chief Executive Officer remuneration change

The table below shows the total remuneration figure for the Chief Executive Officer role over the same ten-year period. Total remuneration includes bonuses and the value of PSP awards, which vested based on performance in those years (at the share price at which they vested).

	2015 Lawson	2016 Lawson	2017 Lawson	2018 Lawson ¹
Total remuneration (£000)	681	946	1,228	738
Annual bonus (%)	65.0%	63.0%	95.0%	–
LTIP vesting (%)	–	64.0%	74.0%	95.4%

	2018 Dunsmore ²	2019 Dunsmore	2020 Dunsmore	2021 Dunsmore	2022 Dunsmore	2023 Dunsmore	2024 Dunsmore
Total remuneration (£000)	819	890	880	747	521	1,125	933
Annual bonus (%)	62.6%	20.0%	61.0%	80.0%	17.0%	80.0%	44%
LTIP vesting (%)	95.4%	100.0%	85.0%	–	–	100.0%	74%

¹ Ian Lawson received compensation of £408,000 for loss of office in accordance with his contract

² Alan Dunsmore operated as interim Chief Executive Officer from 1 April 2017 to 31 January 2018, during Ian Lawson's absence due to physical ill health. Alan's appointment to this role was made permanent from 1 February 2018. The figures in the table above represent Ian Lawson's remuneration for this period and Alan Dunsmore's remuneration for the period in which he was both interim and permanent Chief Executive Officer

DIRECTORS' REMUNERATION REPORT

How the change in directors' pay for the year compares to that of the Group's employees

The table below shows the percentage change in salary, benefits and annual bonus earned for the directors compared to the percentage change of each of those components of pay of the employees of the Group (calculated by reference to the mean on employee pay on a full-time equivalent basis).

Comparison between 2023 and 2024	Base salary/ fees	Benefits	Annual bonus
Alan Dunsmore	5%	5%	(27%)
Derek Randall	5%	5%	(16%)
Adam Semple	5%	-	(29%)
Ian Cochrane ⁵	(48%)	(50%)	(100%)
Kevin Whiteman	4%	-	-
Alun Griffiths	(2%)	-	-
Tony Osbaldiston ⁶	(66%)	-	-
Louise Hardy	13%	-	-
Rosie Toogood ²	(9%)	-	-
Mark Pegler ¹	140%	-	-
All UK employees	6%	164%	(41%)

The main differences between 2024 and 2023 are lower bonus pay outs in 2024 and the departure of directors during the year.

The large increase in employee benefits reflects the cost-of-living payment made in 2024.

Employees that are not included in the senior management and director bonus scheme received a discretionary £750 festive gift in both financial years.

Comparison between 2023 and 2022	Base salary/ fees	Benefits	Annual bonus
Alan Dunsmore	3%	-	387%
Ian Cochrane	3%	-	389%
Derek Randall	3%	5%	105%
Adam Semple	3%	-	388%
Kevin Whiteman	-	-	-
Alun Griffiths	-	-	-
Tony Osbaldiston	-	-	-
Louise Hardy	-	-	-
Rosie Toogood	-	-	-
Mark Pegler ¹	n/a	-	-
All UK employees	5%	7%	107%

The significant increase in bonus in 2023 is driven by the achievement of the PBT element of the bonus scheme, leading to a payout of 80 per cent compared to 17 per cent in 2022. When compared to 2021 (which also paid out at 80 per cent), bonuses have increased by an average of 6 per cent, which is in line with the increase in base salaries.

Comparison between 2022 and 2021	Base salary/ fees	Benefits	Annual bonus
Alan Dunsmore	1%	–	(78%)
Ian Cochrane	1%	–	(78%)
Derek Randall ³	1%	(49%)	(41%)
Adam Semple	2%	–	(78%)
Kevin Whiteman	53%	–	–
Alun Griffiths	26%	–	–
Tony Osbaldiston	18%	–	–
Louise Hardy	33%	–	–
Rosie Toogood ²	n/a	n/a	n/a
All UK employees	4%	16%	(67%)

Comparison between 2021 and 2020	Base salary/ fees	Benefits	Annual bonus
Alan Dunsmore	2%	–	33%
Ian Cochrane	2%	–	33%
Derek Randall	2%	–	15%
Adam Semple	7%	–	38%
Kevin Whiteman ⁴	103%	–	–
Alun Griffiths	6%	–	–
Tony Osbaldiston	–	–	–
Louise Hardy	–	–	–
All UK employees	2%	–	6%

¹ Mark Pegler was appointed to the board with effect from 5 October 2022

² Rosie Toogood was appointed to the board with effect from 16 June 2021 and stepped down on 12 February 2024

³ Derek Randall's 2021 benefit included £40,000 of cost-of-living allowance relating to 2020 but wholly paid in 2021

⁴ Kevin Whiteman was appointed as Chair on 3 September 2020

⁵ Ian Cochrane stepped down from the board on 30 September 2023

⁶ Tony Osbaldiston stepped down from the board on 31 July 2023

DIRECTORS' REMUNERATION REPORT

Chief Executive Officer pay ratio disclosure

Year	Method of calculation adopted	25th percentile pay ratio (CEO: UK employees)	Median pay ratio (CEO: UK employees)	75th percentile pay ratio (CEO: UK employees)
2024	Option A ¹	27:1	19:1	15:1
2023	Option A ¹	35:1	26:1	19:1
2022	Option A ¹	19:1	13:1	10:1
2021	Option A ¹	25:1	18:1	14:1
2020	Option A ¹	30:1	22:1	17:1

¹ Option A methodology was selected on the basis that it is a robust approach and is preferred by shareholders and proxy voting agencies. The calculations for the representative employees were performed at the final day of the relevant financial year

A substantial proportion of the Chief Executive Officer's total remuneration is performance related and delivered in shares. The ratios will, therefore, depend significantly on the Chief Executive Officer's annual bonus and PSP outcomes and may fluctuate year-to-year.

The median ratio of 19:1 is 27 per cent lower than the median ratio of 26:1 in 2023. This decrease in the Chief Executive Officer pay ratio is due to the Chief Executive Officer receiving a lower bonus and PSP vesting outcome in 2024 (bonus: 44 per cent of maximum; PSP: 74 per cent of maximum) compared to 2023 (bonus: 80 per cent of maximum; PSP: 100 per cent of maximum).

The committee has confirmed that the ratio is consistent with the Company's wider policies on employee pay, reward and progression.

Total pay and benefits used to calculate the ratios

Pay details for the Chief Executive Officer and individuals whose remuneration is at the median, 25th percentile and 75th percentile amongst full-time equivalent UK-based employees are as follows:

	Chief Executive Officer £000	25th percentile £000	Median £000	75th percentile £000
Year 2024				
Salary	399	32	45	56
Total pay and benefits	933	35	49	64
Year 2023				
Salary	381	30	41	55
Total pay and benefits	1,125	32	44	58
Year 2022				
Salary	369	23	38	45
Total pay and benefits	521	28	40	54
Year 2021				
Salary	364	29	37	49
Total pay and benefits	747	29	41	53
Year 2020				
Salary	356	26	38	48
Total pay and benefits	880	29	40	51

The UK employee percentile total pay and benefits has been calculated based on the amount paid or receivable for the relevant financial year for the full-time equivalent annualised remuneration (comprising salary, benefits, pension, annual bonus and LTIPs) for all UK-based employees of the Group as at the last day of the relevant financial year. The calculations are on the same basis as required for the Chief Executive Officer's remuneration for single figure purposes. The committee selected this methodology as it was felt to produce the most statistically accurate result.

Relative importance of spend on pay

The following table shows the actual spend on pay for all employees relative to revenue and underlying operating profit before the results of JVs and associates:

	2024 £000	2023 £000	% change
Staff costs	116,440	99,479	17.0%
Revenue	463,465	491,753	(5.8)%
Underlying* operating profit	37,690	33,067	14.0%
Dividends	10,714	9,877	8.5%

* There were no share buybacks during the year

Shareholder voting

The results below show the response to the 2023 AGM shareholder voting for the directors' 2023 remuneration report (excluding remuneration policy):

	Total number of votes	% of votes cast
For	233,706,876	99.08
Against	2,177,930	0.92
Total votes cast (for and against)	235,884,806	100
Withheld votes	53,411	n/a

The results below show the response to the 2023 AGM shareholder voting for the directors' 2023 remuneration policy:

	Total number of votes	% of votes cast
For	232,598,556	98.61
Against	3,272,944	1.39
Total votes cast (for and against)	235,871,500	100
Withheld votes	66,717	n/a

Implementation of policy for 2025

The executive directors' salaries

The executive directors' salaries at the start of the 2025 financial year are as follows:

	£
Alan Dunsmore	403,500
Adam Semple	275,750
Derek Randall	295,500

Salaries for the executive directors were reviewed in June 2024 and have been increased with effect from 1 July 2024. Alan Dunsmore's salary has been increased by 14.0 per cent to £460,000 and Adam Semple's salary has been increased by 14% to £315,000 for the reasons stated on pages 139 and 140. Derek Randall's salary has been increased by 4% in line with the salary increases to the wider workforce of 4-8%.

Benefits and pension

All executive directors will be entitled to a car allowance of £15,000 (Chief Executive Officer: £18,000), a fuel allowance, life insurance cover and medical insurance.

Pension opportunity for the executive directors is 7 per cent of salary. This is aligned with the level available to the entire UK workforce.

DIRECTORS' REMUNERATION REPORT

Rewards for performance in 2025

Bonus

The maximum opportunity will be 125 per cent of salary for all executive directors in line with the 2023 remuneration policy and will be subject to metrics based on underlying PBT, safety performance and ESG performance.

Profit performance-based component – 80 per cent

Maximum bonus based on actual underlying PBT versus budget. The committee believes that the threshold and maximum targets (as a percentage of budget) are appropriately positioned, taking into account levels of growth forecast in the board's strategy review in December 2023 and external analyst consensus.

Underlying PBT % of budget	% of award
90 or below	–
100	50
110 or better	100

A sliding scale applies between the points.

Safety performance-based component – 15 per cent

This year we have moved away from an IFR based safety bonus target to a target based on a series of leading safety indicators. We believe the historic approach has been successful in reducing both the number and severity of our incidents to a point where a fresh approach is required to ensure we continue to improve.

We have identified metrics based on those indicators which we believe will drive the identification and control of risks that can cause incidents and injuries. When considering performance against these metrics the Remuneration Committee will be required to exercise its judgement with the underpin that there should be no significant step backwards in safety performance (as measured by IFR). The committee believes that the underlying PBT and safety targets are commercially sensitive and therefore are not disclosed at this time. Actual targets will be disclosed in next year's Directors' Remuneration Report.

ESG component – 5 per cent

The ESG metric is based on performance against the Group's key sustainability objectives set out in this annual report.

Restricted share awards

Restricted share awards will be granted to the executive directors at 50 per cent of salary. Awards will vest in June 2027 subject to the satisfaction of performance underpins, which will be the same as those set out for the 2023 award on page 144. Vested awards will be subject to a two-year holding period. Prior to the vesting of restricted share awards, the committee will also assess whether the Group's underlying financial and operational performance has been satisfactory both on an absolute basis and relative to peers.

The non-executive directors fees for 2024 and 2025

Charlie Cornish was appointed to the board as a non-executive director from 1 May 2024 and will succeed Kevin Whiteman as non-executive Chair after the AGM on 30 July 2024. Charlie Cornish's fee as non-executive Chair will be set at £162,500 per annum (and he will be paid the basic fee for a non-executive director for the period 1 May until 30 July). The remuneration committee believes this is an appropriate fee in the context of recruiting a high calibre and experienced individual and taking into account the size and complexity of the Group. The fee remains positioned between the lower quartile and median compared to FTSE SmallCap companies.

Fees for the non-executive directors were reviewed in June 2024 and increased in line with the wider workforce, by 4%, with effect from 1 July 2024. The adjusted fees for the non-executive directors are set out in the table below.

	£
Basic fee for other non-executive directors	52,000
Additional fee for SID role	7,500
Additional fee for chair of audit and remuneration committees	7,500
Additional fee for workforce engagement director role	7,500

Approval

This report was approved by the board and signed on its behalf.

LOUISE HARDY

CHAIR OF THE REMUNERATION COMMITTEE

19 June 2024